



CONNECTICUT BANKERS ASSOCIATION

March 7, 2013

To: Members of the Banks Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

**Re: H.B. No. 6435 (RAISED) AN ACT CONCERNING THE CONVEYANCE TAX AND
FORECLOSURES**

Position: Oppose

We oppose the provisions of this bill as it would require a conveyance tax to be paid by a lender when the property is foreclosed upon. This concept has been brought up a past legislative session and was rejected. We urge your opposition to the bill again.

As you know, many residents in our State are still struggling economically and may be facing foreclosure. In situations where a solution with the lender cannot be reached, the litigation often proceeds to a foreclosure. When that happens, the expenses associated with the foreclosure (including any conveyance tax) are used in determining the amount of any *deficiency judgment* that may be imposed upon the borrower.

Foreclosure is a very challenging event for a borrower. These individuals are typically struggling to regain their economic footing. The elimination of the conveyance tax exemption further compounds the economic challenges that face these borrowers as they try to regain their economic footing.

The enactment of this exemption in 2010 (PA 10-1 during the June Special Session), has helped to alleviate that burden on borrowers and should remain in place.

We urge you opposition to House Bill 6435.